

Message Text

UNCLASSIFIED

PAGE 01 MEXICO 08837 030010Z

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AF-10 EA-09 EUR-12 NEA-10

ERDA-07 AID-05 CEA-01 CIAE-00 COME-00 EPG-02

DODE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-04 OES-07 SP-02 SS-15 STR-04

TRSE-00 ACDA-10 USIE-00 FEA-01 XMB-04 INRE-00

NSCE-00 SSO-00 /145 W

-----030014Z 045579 /72

O 030007Z JUN 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 2532

AMCONSUL MONTERREY

INFO ALL OTHER USCONS MEXICO BY POUCH

UNCLAS MEXICO 08837

DEPARTMENT PASS EXIMBANK FOR CRAFTON

E.O. 11652: N/A

TAGS: ENRG, PENC, EALR, EFIN, MX

SUBJECT: PEMEX'S FINANCING OF GAS PIPELINE TO THE U.S.

1. PEMEX IS RECEIVING NUMEROUS OFFERS FROM U.S., JAPANESE, AND EUROPEAN COMPANIES TO FURNISH PIPE AND OTHER EQUIPMENT FOR THE GAS PIPELINE IT PLANS TO BUILD FROM THE OILFIELDS IN THE VILLAHERMOSA AREA TO REYNOSA. ALTHOUGH ALTOS HORNOS IS CAPABLE OF FABRICATING 48 INCH PIPE, IT WILL HAVE TO IMPORT THE STEEL. IT PROBABLY CANNOT PRODUCE THE PIPE QUICKLY ENOUGH TO MEET PEMEX'S CONSTRUCTION DEADLINES, HOWEVER, SO SOME OF IT WILL HAVE TO BE IMPORTED. PEMEX HAS ALREADY RECEIVED A TURN-KEY PROPOSAL FROM MITSUBISHI FOR THE ENTIRE PIPELINE.

2. PEMEX WILL BE RECEIVING A DELEGATION FROM COFAS, FRANCE'S EQUIVALENT OF THE EXIMBANK, NEXT WEEK. THE GROUP UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MEXICO 08837 030010Z

WILL BE HEADED BY BANK PRESIDENT GISCARD D'ESTAING, NEPHEW OF THE FRENCH PREMIER.

3. PEMEX FINANCIAL OFFICIAL HAS TOLD US THAT AVAILABILITY OF FOREIGN FINANCING ON FAVORABLE TERMS WILL PLAY A MAJOR PART IN DECISIONS ON SOURCES OF IMPORTS. WE NOTE THAT ALTHOUGH PEMEX ENGINEERS CONTINUE TO FAVOR U.S. EQUIPMENT,

MARKET PENETRATION BY OTHER COUNTRIES IS INCREASING IN AREAS WHERE THEY CAN OFFER EQUIVALENT EQUIPMENT ON BETTER TERMS. THIS IS PARTICULARLY EVIDENT IN PETROCHEMICAL PLANTS AND REACTOR AND PRESSURE VESSELS.

4. WE BELIEVE U.S. FIRM TENNECO HAS JUST ABOUT NAILED DOWN CONTRACT WITH PEMEX TO ACT AS PROJECT MANAGER AND DESIGNER, AND WILL USE SEVERAL MEXICAN CONSTRUCTION COMPANIES TO ACTUALLY BUILD THE LINE. TENNECO MAKING PRESENTATION ON JUNE 6 TO PEMEX. PIPELINE WILL FOLLOW EXISTING LINES FROM VILLAHERMOSA TO CORDOBA, VERUN THEN GO TO POZA RICA, VER. WHERE IT WILL BE ROUTED UP THE COAST TO REYNOSA. EVENTUALLY, A SPUR WILL PROBABLY BE BUILT TO CONNECT THE LINE TO MONTERREY. DIAZ SERRANO RECENTLY SAID THAT PEMEX WILL SPEND \$1 BILLION ON THE LINE THIS YEAR. CONSIDERING THE TIME LEFT TO DO THE NECESSARY ENGINEERING STUDIES THAT MUST PRECEDE CONSTRUCTION, IT IS UNLIKELY THAT PEMEX CAN SPEND THAT MUCH SO QUICKLY. HOWEVER, PROCUREMENT OF PIPE, AUTOMATED WELDING MACHINERY, COMPRESSORS, TURBINES, AND OTHER EQUIPMENT WILL PROBABLY BEGIN SHORTLY. ACCORDING TO PEMEX, TOTAL COST WILL BE ABOUT \$1.5 BILLION, 2/3 OF WHICH WILL BE SPENT FOR IMPORTED EQUIPMENT. GERMAN EXIM HAS EXPRESSED HIGH DEGREE OF INTEREST IN PROJECT THROUGH TENNECO.

5. PEMEX IS PARTICULARLY ANXIOUS TO CONCLUDE A REVOLVING LINE OF CREDIT NOT TIED TO SPECIFIC PROJECTS WITH THE EXIMBANK. THEY FEEL STRONGLY THAT IT IS NOW UP TO EXIM TO MAKE THE POLICY DECISION WHETHER OR NOT TO ARRANGE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MEXICO 08837 030010Z

THIS TYPE OF CREDIT. PEMEX FINANCIAL OFFICER STATES THAT PEMEX ALREADY HAS AN "OPEN" (UNLIMITED) LINE WITH COFAS. HE SAID ALSO THAT IMF CEILINGS ON GOM'S TOTAL FOREIGN BORROWING IS NOT A CONCERN TO THE COMPANY. PEMEX FINANCIAL OFFICIALS SAY THEY HAVE A NUMBER OF WAYS THEY CAN GET AROUND THE IMF LIMITATION ON GOM BUDGET FINANCING.

THOMPSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATURAL GAS, PIPELINES
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO08837
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770197-0605
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770693/aaaaddrw.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a85bc785-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 20-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2289267
Secure: OPEN
Status: NATIVE
Subject: PEMEX'S FINANCING OF GAS PIPELINE TO THE U.S.
TAGS: ENRG, BENC, EALR, EFIN, MX, PEMEX
To: STATE MONTERREY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a85bc785-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009